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ADOPTION OF THE INSTRUMENT FOR THE ESTABLISHMENT OF THE RESTRUCTURED GLOBAL ENVIRONMENT FACILITY

Participation of the United Nations Environment Programme in the restructured Global Environment Facility

Note by the Executive Director

1. The Global Environment Facility (GEF) was established as a pilot programme in 1991 in order to assist in the protection of the global environment. In 1992, participants agreed to a restructuring to ensure a governance that is transparent and democratic in nature, to promote universality in its participation and to provide for full cooperation in its implementation among the United Nations Environment Programme, the United Nations Development Programme and the World Bank. The restructuring has benefitted from an independent evaluation of the pilot phase and includes a new and replenished GEF Trust Fund.

2. The principles for cooperation among the implementing agencies, subject to approval by their respective governing bodies, are set forth in the Instrument for the Establishment of the Restructured Global Environment Facility (GEF II). The Instrument was accepted by representatives of the States participating in the GEF at their meeting in Geneva from 14 to 16 March 1994. The Instrument is hereby circulated to all members of the Governing Council in the annex to the present document.

3. At their meeting in March 1994, the States participating in the Global Environment Facility committed $2 billion to fund GEF II from June 1994 to June 1997.

4. The Governing Council is hereby requested to adopt the Instrument as the basis for the participation of the United Nations Environment Programme as an implementing agency of the Global Environment Facility.

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INSTRUMENT FOR THE ESTABLISHMENT OF THE RESTRUCTURED GLOBAL ENVIRONMENT FACILITY

INSTRUMENT FOR THE ESTABLISHMENT OF THE RESTRUCTURED GLOBAL ENVIRONMENT FACILITY

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PREAMBLE

Whereas:

(a) The Global Environment Facility (GEF or the Facility) was established in the International Bank for Reconstruction and Development (IBRD or World Bank) as a pilot programme in order to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development, by resolution of the Executive Directors of the World Bank and related inter-agency arrangements between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank;

(b) In April 1992, Participants in the GEF agreed that its structure and modalities should be modified. Agenda 21 (the action plan of the 1992 United Nations Conference on Environment and Development), the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity subsequently called for the restructuring of the Facility;

(c) Representatives of the States participating at present in the Facility and of other States wishing to participate in it have requested that the Facility be restructured in order to take account of these developments, to establish the GEF as one of the principal mechanisms for global environment funding, to ensure a governance that is transparent and democratic in nature, to promote universality in its participation and to provide for full cooperation in its implementation among UNDP, UNEP and the World Bank (together referred to hereinafter as the Implementing Agencies), and to benefit from the evaluation of experience with the operation of the Facility since its establishment;

(d) It is necessary to replenish the resources for these purposes under a restructured Facility which includes a new GEF Trust Fund on the basis of this Instrument;

(e) It is desirable to terminate the existing Global Environment Trust Fund (GET) and to transfer any funds, receipts, assets and liabilities held in it upon termination to the new GEF Trust Fund;

(f) The Implementing Agencies have reached a common understanding of principles for cooperation as set forth in the present Instrument, subject to approval of their participation by their respective governing bodies.

It is resolved as follows:

I. BASIC PROVISIONS

Restructuring and Purpose of GEF

1. The restructured GEF shall be established in accordance with the present Instrument. This Instrument, having been accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from 14 to 16 March 1994, shall be adopted by the Implementing Agencies in accordance with their respective rules and procedural requirements.

2. The GEF shall operate, on the basis of collaboration and partnership among the Implementing Agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas:

(a) Climate change;

(b) Biological diversity;

(c) International waters; and

(d) Ozone layer depletion.

3. The agreed incremental costs of activities concerning land degradation, primarily desertification and deforestation, as they relate to the four focal areas shall be eligible for funding. The agreed incremental costs of other relevant activities under Agenda 21 that may be agreed by the Council shall also be eligible for funding insofar as they achieve global environmental benefits by protecting the global environment in the four focal areas.

4. The GEF shall ensure the cost-effectiveness of its activities in addressing the targeted global environmental issues, shall fund programmes and projects which are country-driven and based on national priorities designed to support sustainable development and shall maintain sufficient flexibility to respond to changing circumstances in order to achieve its purposes.

5. The GEF operational policies shall be determined by the Council in accordance with paragraph 20(f) and with respect to GEF-financed projects shall provide for full disclosure of all non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle.

6. In partial fulfilment of its purposes, the GEF shall, on an interim basis, operate the financial mechanism for the implementation of the United Nations Framework Convention on Climate Change and shall be, on an interim basis, the institutional structure which carries out the operation of the financial mechanism for the implementation of the Convention on Biological Diversity, in accordance with such cooperative arrangements or agreements as may be made pursuant to paragraphs 27 and 31. The GEF shall be available to continue to serve for the purposes of the financial mechanisms for the implementation of those conventions if it is requested to do so by their Conferences of the Parties. In both respects, the GEF shall function under the guidance of, and be accountable to, the Conferences of the Parties which shall decide on policies, programme priorities and eligibility criteria for the purposes of the conventions. The GEF shall also be available to meet the agreed full costs of activities under Article 12, paragraph 1, of the United Nations Framework Convention on Climate Change.

Participation

7. Any State Member of the United Nations or of any of its specialized agencies may become a Participant in the GEF by depositing with the Secretariat an instrument of participation substantially in the form set out in Annex A. In the case of a State contributing to the GEF Trust Fund, an instrument of commitment shall be deemed to serve as an instrument of participation. Any Participant may withdraw from the GEF by depositing with the Secretariat an instrument of termination of participation substantially in the form set out in Annex A.

Establishment of GEF Trust Fund

8. The new GEF Trust Fund shall be established, and the World Bank shall be invited to serve as the Trustee of the Fund. The GEF Trust Fund shall consist of the contributions received in accordance with the present

Instrument, the balance of funds transferred from the GET pursuant to paragraph 32, and any other assets and receipts of the Fund. In serving as the Trustee of the Fund, the World Bank shall serve in a fiduciary and administrative capacity, and shall be bound by its Articles of Agreement, by-laws, rules and decisions, as specified in Annex B.

Eligibility

9. GEF funding shall be made available for activities within the focal areas defined in paragraphs 2 and 3 of this Instrument in accordance with the following eligibility criteria:

(a) GEF grants that are made available within the framework of the financial mechanisms of the conventions referred to in paragraph 6 shall be in conformity with the eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27;

(b) All other GEF grants shall be made available to eligible recipient countries and, where appropriate, for other activities promoting the purposes of the Facility in accordance with this paragraph and any additional eligibility criteria determined by the Council. A country shall be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance through its country Indicative Planning Figure (IPF). GEF grants for activities within a focal area addressed by a convention referred to in paragraph 6 but outside the framework of the financial mechanism of the convention, shall only be made available to eligible recipient countries that are party to the convention concerned;

(c) GEF concessional financing in a form other than grants that is made available within the framework of the financial mechanism of the conventions referred to in paragraph 6 shall be in conformity with eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27. GEF concessional financing in a form other than grants may also be made available outside those frameworks on terms to be determined by the Council.

II. CONTRIBUTIONS AND OTHER FINANCIAL PROVISIONS FOR REPLENISHMENT

10. Contributions to the GEF Trust Fund for the first replenishment period shall be made to the Trustee by Contributing Participants in accordance with the financial provisions for replenishment as specified in Annex C. The Trustee's responsibility for mobilization of resources pursuant to paragraph 20 (e) of this Instrument and paragraph 4 (a) of Annex B shall be initiated for subsequent replenishments at the request of the Council.

III. GOVERNANCE AND STRUCTURE

11. The GEF shall have an Assembly, a Council and a Secretariat. In accordance with paragraph 24, a Scientific and Technical Advisory Panel (STAP) shall provide appropriate advice.

12. The Implementing Agencies shall establish a process for their collaboration in accordance with an inter-agency agreement to be concluded on the basis of the principles set forth in Annex D.

Assembly

13. The Assembly shall consist of representatives of all Participants. The Assembly shall meet once every three years. Each Participant may appoint one representative and one alternate to the Assembly in such manner as it may determine. Each representative and each alternate shall serve until replaced. The Assembly shall elect its Chairperson from among the representatives.

14. The Assembly shall:

(a) Review the general policies of the Facility;

(b) Review and evaluate the operation of the Facility on the basis of reports submitted by the Council;

(c) Keep under review the membership of the Facility; and

(d) Consider, for approval by consensus, amendments to the present Instrument on the basis of recommendations by the Council.

Council

15. The Council shall be responsible for developing, adopting and evaluating the operational policies and programmes for GEF-financed activities, in conformity with the present Instrument and fully taking into account reviews carried out by the Assembly. Where the GEF serves for the purposes of the financial mechanisms of the conventions referred to in paragraph 6, the Council shall act in conformity with the policies, programme priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned.

16. The Council shall consist of 32 Members, representing constituency groupings formulated and distributed taking into account the need for balanced and equitable representation of all Participants and giving due weight to the funding efforts of all donors. There shall be 16 Members from developing countries, 14 Members from developed countries and 2 Members from the countries of central and eastern Europe and the former Soviet Union, in accordance with Annex E. There shall be an equal number of Alternate Members. The Member and Alternate representing a constituency shall be appointed by the Participants in each constituency. Unless the constituency decides otherwise, each Member of the Council and each Alternate shall serve for three years or until a new Member is appointed by the constituency, whichever comes first. A Member or Alternate may be reappointed by the constituency. Members and Alternates shall serve without compensation. The Alternate Member shall have full power to act for the absent Member.

17. The Council shall meet semi-annually or as frequently as necessary at the seat of the Secretariat to enable it to discharge its responsibilities. Two-thirds of the Members of the Council shall constitute a quorum.

18. At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting. The elected Chairperson shall conduct deliberations of the Council at that meeting on issues related to Council responsibilities listed in paragraphs 20 (b), (g), (i), (j) and (k). The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members. The Chief Executive Officer (CEO) of the Facility shall conduct deliberations of the Council on issues related to Council responsibilities listed in paragraphs 20 (c), (e), (f) and (h). The elected Chairperson and the CEO

shall jointly conduct deliberations of the Council on issues related to paragraph 20 (a).

19. Costs of Council meetings, including travel and subsistence of Council Members from developing countries, in particular the least developed countries, shall be disbursed from the administrative budget of the Secretariat as necessary.

20. The Council shall:

(a) Keep under review the operation of the Facility with respect to its purposes, scope and objectives;

(b) Ensure that GEF policies, programmes, operational strategies and projects are monitored and evaluated on a regular basis;

(c) Review and approve the work programme referred to in paragraph 29, monitor and evaluate progress in the implementation of the work programme and provide related guidance to the Secretariat, the Implementing Agencies and the other bodies referred to in paragraph 28, recognizing that the Implementing Agencies will retain responsibility for the further preparation of individual projects approved in the work programme;

(d) Arrange for Council Members to receive final project documents and within four weeks transmit to the CEO any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency;

(e) Direct the utilization of GEF funds, review the availability of resources from the GEF Trust Fund and cooperate with the Trustee to mobilize financial resources;

(f) Approve and periodically review operational modalities for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities referred to in paragraph 28, additional eligibility and other financing criteria in accordance with paragraphs 9 (b) and 9(c) respectively, procedural steps to be included in the project cycle, and the mandate, composition and role of STAP;

(g) Act as the focal point for the purpose of relations with the Conferences of the Parties to the conventions referred to in paragraph 6, including consideration, approval and review of the arrangements or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them;

(h) In accordance with paragraphs 26 and 27, ensure that GEF-financed activities relating to the conventions referred to in paragraph 6 conform with the policies, programme priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned;

(i) Appoint the CEO in accordance with paragraph 21, oversee the work of the Secretariat, and assign specific tasks and responsibilities to the Secretariat;

(j) Review and approve the administrative budget of the GEF and arrange for periodic financial and performance audits of the Secretariat and the Implementing Agencies with regard to activities undertaken for the Facility;

(k) In accordance with paragraph 31, approve an annual report and keep the UN Commission on Sustainable Development apprised of its activities; and

(l) Exercise such other operational functions as may be appropriate to fulfil the purposes of the Facility.

Secretariat

21. The GEF Secretariat shall service and report to the Assembly and the Council. The Secretariat, which shall be headed by the CEO/Chairperson of the Facility, shall be supported administratively by the World Bank and shall operate in a functionally independent and effective manner. The CEO shall be appointed to serve for three years on a full time basis by the Council on the joint recommendation of the Implementing Agencies. Such recommendation shall be made after consultation with the Council. The CEO may be reappointed by the Council. The CEO may be removed by the Council only for cause. The staff of the Secretariat shall include staff members seconded from the Implementing Agencies as well as individuals hired competitively on an as needed basis by one of the Implementing Agencies. The CEO shall be responsible for the organization, appointment and dismissal of Secretariat staff. The CEO shall be accountable for the performance of the Secretariat functions to the Council. The Secretariat shall, on behalf of the Council, exercise the following functions:

(a) Implement effectively the decisions of the Assembly and the Council;

(b) Coordinate the formulation and oversee the implementation of programme activities pursuant to the joint work programme, ensuring liaison with other bodies as required, particularly in the context of the cooperative arrangements or agreements referred to in paragraph 27;

(c) In consultation with the Implementing Agencies, ensure the implementation of the operational policies adopted by the Council through the preparation of common guidelines on the project cycle. Such guidelines shall address project identification and development, including the proper and adequate review of project and work programme proposals, consultation with and participation of local communities and other interested parties, monitoring of project implementation and evaluation of project results;

(d) Review and report to the Council on the adequacy of arrangements made by the Implementing Agencies in accordance with the guidelines referred to in paragraph (c) above and, if warranted, recommend to the Council and the Implementing Agencies additional arrangements for project preparation and execution under paragraphs 20 (f) and 28;

(e) Chair inter-agency group meetings to ensure the effective execution of the Council's decisions and to facilitate coordination and collaboration among the Implementing Agencies;

(f) Coordinate with the Secretariats of other relevant international bodies, in particular the Secretariats of the conventions referred to in paragraph 6 and the Secretariats of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund;

(g) Report to the Assembly, the Council and other institutions as directed by the Council;

(h) Provide the Trustee with all relevant information to enable it to carry out its responsibilities; and

(i) **Perform any other functions assigned to the Secretariat by the Council.**

Implementing Agencies

22. The Implementing Agencies of the GEF shall be UNDP, UNEP, and the World Bank. The Implementing Agencies shall be accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects, and for the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence and in accordance with an inter-agency agreement to be concluded on the basis of the principles of cooperation set forth in Annex D to the present Instrument. The Implementing Agencies shall cooperate with the Participants, the Secretariat, parties receiving assistance under the GEF, and other interested parties, including local communities and non-governmental organizations, to promote the purposes of the Facility.

23. The CEO shall periodically convene meetings with the heads of the Implementing Agencies to promote inter-agency collaboration and communication, and to review operational policy issues regarding the implementation of GEF-financed activities. The CEO shall transmit their conclusions and recommendations to the Council for its consideration.

Scientific and Technical Advisory Panel (STAP)

24. UNEP shall establish, in consultation with UNDP and the World Bank and on the basis of guidelines and criteria established by the Council, the Scientific and Technical Advisory Panel (STAP) as an advisory body to the Facility. UNEP shall provide the STAP's Secretariat and shall operate as the liaison between the Facility and the STAP.

IV. PRINCIPLES OF DECISION-MAKING

25. (a) **Procedure**

The Assembly and the Council shall each adopt by consensus regulations as may be necessary or appropriate to perform their respective functions transparently; in particular, they shall determine any aspect of their respective procedures, including the admission of observers and, in the case of the Council, provision for executive sessions.

(b) **Consensus**

Decisions of the Assembly and the Council shall be taken by consensus. In the case of the Council if, in the consideration of any matter of substance, all practicable efforts by the Council and its Chairperson have been made and no consensus appears attainable, any member of the Council may require a formal vote.

(c) **Formal Vote**

(i) Unless otherwise provided in this Instrument, decisions requiring a formal vote by the Council shall be taken by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of the total number of Participants and a 60 percent majority of the total contributions;

(ii) Each Member of the Council shall cast the votes of the Participant or Participants he/she represents. A Member

of the Council appointed by a group of Participants may cast separately the votes of each Participant in the constituency he/she represents;

(iii) For the purpose of voting power, total contributions shall consist of the actual cumulative contributions made to the GEF Trust Fund as specified in Annex C (Attachment 1) and in subsequent replenishments of the GEF Trust Fund, contributions made to the GET, and the grant equivalent of co-financing and parallel financing made under the GEF pilot programme, or agreed with the Trustee, until the effective date of the GEF Trust Fund. Until the effective date of the GEF Trust Fund, advance contributions made under paragraph 7 (c) of Annex C shall be deemed to be contributions to the GET.

V. RELATIONSHIP AND COOPERATION WITH CONVENTIONS

26. The Council shall ensure the effective operation of the GEF as a source of funding activities under the conventions referred to in paragraph 6. The use of the GEF resources for purposes of such conventions shall be in conformity with the policies, programme priorities and eligibility criteria decided by the Conference of the Parties of each of those conventions.

27. The Council shall consider and approve cooperative arrangements or agreements with the Conferences of the Parties to the conventions referred to in paragraph 6, including reciprocal arrangements for representation in meetings. Such arrangements or agreements shall be in conformity with the relevant provisions of the convention concerned regarding its financial mechanism and shall include procedures for determining jointly the aggregate GEF funding requirements for the purpose of the convention. With regard to each convention referred to in paragraph 6, until the first meeting of its Conference of the Parties, the Council shall consult the convention's interim body.

VI. COOPERATION WITH OTHER BODIES

28. The Secretariat and the Implementing Agencies under the guidance of the Council shall cooperate with other international organizations to promote achievement of the purposes of the GEF. The Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies and programmes of the United Nations, other international organizations, bilateral development agencies, national institutions, non-governmental organizations, private sector entities and academic institutions, taking into account their comparative advantages in efficient and cost-effective project execution. Such arrangements shall be made in accordance with national priorities. Pursuant to paragraph 20 (f), the Council may request the Secretariat to make similar arrangements in accordance with national priorities. In the event of disagreements among the Implementing Agencies or between an Implementing Agency and any entity concerning project preparation or execution, an Implementing Agency or any entity referred to in this paragraph may request the Secretariat to seek to resolve such disagreements.

VII. OPERATIONAL MODALITIES

29. The Secretariat shall coordinate the preparation of and determine the content of a joint work programme for the GEF among the Implementing Agencies, *including an indication of the financial resources* required for the programme, for approval by the Council. The work programme shall be

prepared in accordance with paragraph 4 and in cooperation with eligible recipients and any executing agency referred to in paragraph 28.

30. GEF projects shall be subject to endorsement by the CEO before final project approval. If at least four Council Members request that a project be reviewed at a Council meeting because in their view the project is not consistent with the Instrument or GEF policies and procedures, the CEO shall submit the project document to the next Council meeting, and shall only endorse the project for final approval by the Implementing Agency if the Council finds that the project is consistent with the Instrument and GEF policies and procedures.

VIII. REPORTING

31. The Council shall approve an annual report on the activities of the GEF. The report shall be prepared by the Secretariat and circulated to all Participants. It shall contain information on the activities carried out under the GEF, including a list of project ideas submitted for consideration and a review of the project activities funded by the Facility and their outcomes. The report shall contain all the information necessary to meet the principles of accountability and transparency that shall characterize the Facility as well as the requirements arising from the reporting arrangements agreed with each Conference of the Parties to the conventions referred to in paragraph 6. The report shall be conveyed to each of these Conferences of the Parties, the United Nations Commission on Sustainable Development and any other international organization deemed appropriate by the Council.

IX. TRANSITIONAL AND FINAL PROVISIONS

Termination of the GET

32. The World Bank shall be invited to terminate the existing Global Environment Trust Fund (GET) on the effective date of the establishment of the new GEF Trust Fund, and any funds, receipts, assets and liabilities held in the GET upon termination, including the administration of any cofinancing by the Trustee in accordance with the provisions of Resolution No. 91-5 of the Executive Directors of the World Bank, shall be transferred to the new GEF Trust Fund. Pending the termination of the GET under this provision, projects financed from the GET resources shall continue to be processed and approved subject to the rules and procedures applicable to the GET.

Interim Period

33. The Council may, pursuant to the provisions of this Instrument, be convened during the period from the adoption of this Instrument and its annexes by the Implementing Agencies until the effective date of the establishment of the new GEF Trust Fund (a) to appoint, by consensus, the CEO in order to enable him/her to assume the work of the Secretariat, and (b) to prepare the Council's rules of procedure and the operational modalities for the Facility. The first meeting of the Council shall be organized by the secretariat of the GEF pilot programme. Administrative expenses during this interim period shall be covered by the existing GET.

Amendment and Termination

34. Amendment or termination of the present Instrument may be approved by consensus by the Assembly upon the recommendation of the Council, after taking into account the views of the Implementing Agencies and the Trustee, and shall become effective after adoption by the Implementing Agencies and the Trustee in accordance with their respective rules and procedural

requirements. This paragraph shall apply to the amendment of any annex to this Instrument unless the annex concerned provides otherwise.

35. The Trustee may at any time terminate its role as trustee in accordance with paragraph 14 of Annex B, and an Implementing Agency may at any time terminate its role as implementing agency, after consultation with the other Implementing Agencies and after giving the Council six months notice in writing.

GLOBAL ENVIRONMENT FACILITY

NOTIFICATION OF PARTICIPATION OR TERMINATION OF PARTICIPATION

ANNEX A

Annex A

Notification of Participation/Termination of Participation

The Government of _____ hereby notifies the Chief Executive Officer of the Global Environment Facility ("the Facility") that it will participate [terminate its participation] in the Facility.

_____ (Date)

_____ (Name and Office)

NOTE: The notification is to be signed on behalf of the Government by a duly authorized representative thereof. Participation, and termination of participation, will take effect upon deposit of the notification with the CEO. In the case of a State contributing to the GEF Trust Fund, an instrument of commitment (Attachment 2 of Annex C) shall be deemed to serve as a notification of participation.

GLOBAL ENVIRONMENT FACILITY

ROLE AND FIDUCIARY RESPONSIBILITIES OF THE TRUSTEE OF THE GEF TRUST FUND

ANNEX B

Annex B

ROLE AND FIDUCIARY RESPONSIBILITIES OF THE TRUSTEE OF THE GEF TRUST FUND

1. The World Bank shall be the Trustee of the GEF Trust Fund (the Fund) referred to in paragraph 8 of the Instrument and in this capacity shall, as legal owner, hold in trust the funds, assets and receipts which constitute the Fund, and manage and use them only for the purpose of, and in accordance with, the provisions of the Instrument keeping them separate and apart from all other accounts and assets of, or administered by, the Trustee.

2. The Trustee shall be accountable to the Council for the performance of its fiduciary responsibilities as set forth in this Annex.

3. The Trustee shall administer the Fund in accordance with the applicable provisions of the Instrument and such decisions as the Council may take under the Instrument and shall be bound in the performance of its duties by the applicable provisions of the Trustee's Articles of Agreement, by-laws, rules and decisions (hereinafter referred to as "the rules of the Trustee").

4. The responsibilities of the Trustee shall include in particular:

(a) The mobilization of resources for the Fund and the preparation of such studies and arrangements as may be required for this purpose;

(b) The financial management of the Fund, including the investment of its liquid assets, the disbursement of funds to the Implementing and other executing Agencies as well as the preparation of the financial reports regarding the investment and use of the Fund's resources;

(c) The maintenance of appropriate records and accounts of the Fund, and providing for their audit, in accordance with the rules of the Trustee; and

(d) The monitoring of the application of budgetary and project funds in accordance with paragraph 21 (h) of the Instrument and paragraph 11 of this Annex so as to ensure that the resources of the Fund are being used in accordance with the Instrument and the decisions taken by the Council, including the regular reporting to the Council on the status of the Fund's resources.

5. The Trustee shall exercise the same care in the discharge of its functions under this Annex as it exercises with respect to its own affairs and shall have no further liability in respect thereof. To this end, the Trustee shall apply such considerations of economy and efficiency as may be required for the investment and disbursement of funds from the Fund, consistent with the rules of the Trustee and the decisions of the Council.

6. All amounts in respect of which the Trustee is authorized to make commitments or disbursements under the Instrument shall be used by the Trustee on the basis of the work programme approved by the Council for the activities of the Facility, including the reasonable expenses incurred by the Implementing Agencies and any executing agency in the performance of their responsibilities, in accordance with the Instrument and the decisions taken by the Council. All amounts in respect of which the Trustee is authorized to make transfers to the Implementing Agencies and any executing agency shall be transferred as agreed between the Trustee and the transferee.

7. The Trustee may enter into arrangements and agreements with any national or international entity as may be needed in order to administer and manage financing for the purpose of, and on terms consistent with, the Instrument. Upon the request of the Council, the Trustee will, for the purposes of paragraph 27 of the Instrument, formalize the arrangements or agreements that have been considered and approved by the Council with the Conferences of the Parties of the conventions referred to in paragraph 6 of the Instrument.

8. Pending transfers to the Implementing Agencies or an executing agency, the Trustee may invest the funds held in the Fund in such form as it may decide, including pooled investments (in which separate accounts shall be held for the funds of the Fund) with other funds owned, or administered, by it. The income of such investments shall be credited to the Fund, and the Trustee shall be reimbursed annually from the resources of the Fund for the reasonable expenses incurred by it for the administration of the Fund and for expenses incurred in administratively supporting the Secretariat. The reimbursement shall be made on the basis of estimated cost, subject to end of year adjustment.

9. The Trustee shall make all necessary arrangements to avoid commitments on behalf of the Fund in excess of the resources available to such Fund.

10. In order to enable the Trustee to carry out its functions enumerated in this Annex, the Chief Executive Officer of the Facility (CEO) shall cooperate fully with the Trustee and shall observe the rules of the Trustee specified in paragraph 3 above, in the activities of the Secretariat relating to the administration of the Fund under the provisions of the Instrument and its Annexes.

11. To ensure that the resources of the Fund are being used in accordance with the Instrument and the decisions taken by the Council, the Trustee shall work with the Implementing Agencies and the CEO to address and resolve any concerns it may have about inconsistencies between the uses of Fund resources and such Instrument and decisions. The CEO shall inform the Council of any concerns that the Trustee or an Implementing Agency may have which are not satisfactorily resolved.

12. Should it appear to the Council or the Trustee that there is an inconsistency between the decisions of the Council and the rules of the Trustee, the Council and the Trustee shall consult each other with a view to avoiding the inconsistency.

13. The privileges and immunities accorded to the Trustee under its Articles of Agreement shall apply to the property, assets, archives, income, operations and transactions of the Fund.

14. The provisions of this Annex may be amended by the Executive Directors of the Trustee only with the agreement of the Council and the other Implementing Agencies. The provisions of this Annex may be terminated when the Executive Directors of the Trustee so decide after consultation with the Council and the other Implementing Agencies and after giving the Council six months notice in writing. In case of termination, the Trustee shall take all necessary action for winding up its activities in an expeditious manner, in accordance with such decision. The decision shall also provide for meeting the commitments of the Facility already made for grants and transfers, and for the disposition of any remaining funds, receipts, assets or liabilities of the Fund upon termination.

GLOBAL ENVIRONMENT FACILITY

GEF TRUST FUND - FINANCIAL PROVISIONS FOR REPLENISHMENT

ANNEX C

Annex C

GEF TRUST FUND - FINANCIAL PROVISIONS FOR REPLENISHMENT

Contributions

1. The Bank, acting as Trustee for the GEF Trust Fund, is authorized to accept contributions to the Fund for the period from 1 July 1 1994 to 30 June 1997:

(a) By way of grant from each Participant in the amount specified for each participant in Attachment 1; and

(b) Other contributions on terms consistent with the present Annex.

Instruments of Commitment

2. (a) Participants contributing to the GEF Trust Fund (Contributing Participants) shall be expected to deposit with the Trustee an instrument of commitment substantially in the form set out in Attachment 2 (Instrument of Commitment);

(b) When a Contributing Participant agrees to pay a part of its contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it shall deposit a qualified instrument of commitment in a form acceptable to the Trustee (Qualified Instrument of Commitment); such Participant undertakes to exercise its best efforts to obtain legislative approval for the full amount of its contribution by the payment dates set out in paragraph 3;

3. (a) Contributions to the GEF Trust Fund under paragraph 1 (a) shall be paid, at the option of each Contributing Participant, in cash by 30 November 1994 or in instalments;

(b) Payment in cash under paragraph (a) above shall be made on terms agreed between the Contributing Participant and the Trustee that shall be no less favourable to the GEF Trust Fund than payment in instalment;

(c) Payment in instalments that a Contributing Participant agrees to make without qualification shall be paid to the Trustee in four equal instalments by 30 November 1994, 30 November 1995, November 30, 1996 and 30 November 1997, provided that:

(i) The Trustee and each Contributing Participant may agree to earlier payment;

(ii) If the GEF Trust Fund shall not have become effective by 31 October 1994, payment of the first such instalment may be postponed by the Contributing Participant for not more than 30 days after the date on which this Annex becomes effective;

(iii) The Trustee may agree to postpone the payment of any instalment, or part thereof, if the amount paid, together with any unused balance of previous payments by the Contributing Participant, shall be at least equal to the amount estimated by the Trustee to be required from the Contributing Participant, up to the date of the next instalment, for meeting commitments under the GEF Trust Fund; and

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(iv) If any Contributing Participant shall deposit an Instrument of Commitment with the Trustee after the date on which the first instalment of the contributions is due, payment of any instalment, or part thereof, shall be made to the Trustee within 30 days after the date of such deposit;

(d) If a Contributing Participant has deposited a Qualified Instrument of Commitment and thereafter notifies the Trustee that an instalment, or part thereof, is unqualified after the date when it was due, then payment of such instalment, or part thereof, shall be made within 30 days of such notification.

Mode of Payment in Instalments

4. (a) Payments shall be made, at the option of each Contributing Participant, in cash on terms agreed between the Contributing Participant and the Trustee that shall be no less favourable to the GEF Trust Fund than payment in instalments or by the deposit of notes or similar obligations issued by the government of the Contributing Participant or the depository designated by the Contributing Participant, which shall be non-negotiable, non-interest bearing and payable at their par value on demand to the account of the Trustee;

(b) The Trustee shall encash the notes or similar obligations quarterly in equal proportions in terms of their unit of denomination, as needed for disbursement and transfers referred to in paragraph 8 and the operational and administrative requirements for liquidity of the Trustee and the Implementing Agencies, as determined by the Trustee. At the request of a Contributing Participant that is also an eligible recipient under the GEF Trust Fund the Trustee may permit postponement of encashment for up to two years in light of exceptionally difficult budgetary circumstances of the Contributing Participant;

(c) In respect of each contribution under paragraph 1 (b), payment shall be made in accordance with the terms on which such contributions are accepted by the Trustee.

Currency of Denomination and Payment

5. (a) Contributing Participants shall denominate their contributions in Special Drawing Rights (SDRs) or a currency that is freely convertible as determined by the Trustee, except that if a Contributing Participant's economy experienced a rate of inflation in excess of fifteen percent per annum on average in the period 1990 to 1992 as determined by the Trustee as of the date of adoption of this Annex, its contribution shall be denominated in SDRs;

(b) Contributing Participants shall make payments in SDRs, a currency used for the valuation of the SDR, or with the agreement of the Trustee in another freely convertible currency, and the Trustee may exchange the amounts received for such currencies as it may decide;

(c) Each Contributing Participant shall maintain, in respect of its currency paid to the Trustee and the currency of such Contributing Participant derived therefrom, the same convertibility as existed on the date of adoption of this Annex.

Effective Date

6. (a) The GEF Trust Fund shall become effective and the resources to be contributed pursuant to this Annex shall become payable to the Trustee on the date when Contributing Participants whose contributions aggregate not less than SDR 980.53 million shall have deposited with the Trustee Instruments of Commitment or Qualified Instruments of Commitment (the effective date), provided that this date shall not be later than 31 October 1994, or such later date as the Trustee may determine;

(b) If the Trustee determines that the effective date is likely to be unduly delayed, it shall convene promptly a meeting of the Contributing Participants to review the situation and to consider the steps to be taken to prevent an interruption of GEF financing.

Advance Contribution

7. (a) In order to avoid an interruption in the GEF's ability to make financing commitments pending the effectiveness of the GEF Trust Fund, and if the Trustee will have received Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 280.15 million the Trustee may deem, prior to the effective date, one-quarter of the total amount of each contribution for which an Instrument of Commitment has been deposited with the Trustee as an advance contribution, unless the Contributing Participant specifies otherwise in its Instrument of Commitment. Advance contributions shall be paid to the GEF under Resolution 91-5 adopted by the Executive Directors of the World Bank and shall be governed by the provisions of that Resolution until the effective date;

(b) The Trustee shall specify when advance contributions pursuant to paragraph (a) above are to be paid to the Trustee;

(c) The terms and conditions applicable to contributions under this Annex shall apply also to advance contributions until the effective date, when such contributions shall be deemed to constitute payment towards the amount due from each Contributing Participant for its contribution.

Commitment or Transfer Authority

8. (a) Contributions shall become available for commitment by the Trustee, for disbursement or transfer as needed pursuant to the work programme approved by the Council under paragraph 20 (c) of the Instrument, upon receipt of payment by the Trustee, except as provided in subparagraph (c) below;

(b) The Trustee shall promptly inform Contributing Participants if a Participant that has deposited a Qualified Instrument of Commitment and whose contribution represents more than 20 percent of the total amount of the resources to be contributed pursuant to this Annex has not unqualified at least 50 percent of the total amount of its contribution by 30 November 1995, or 30 days after the effective date, whichever is later, and at least 75 percent of the total amount of its contribution by 30 November 1996, or 30 days after the effective date, whichever is later, and the total amount thereof by 30 November 1997, or 30 days after the effective date, whichever is later;

(c) Within 30 days of the dispatch of notice by the Trustee under paragraph (b) above, each other Contributing Participant may notify the Trustee in writing that the commitment by the Trustee of the second, third or fourth tranche, whichever is applicable, of such Participant's contribution shall be deferred while, and to the extent that, any part of

the contribution referred to in subparagraph (b) remains qualified; during such period, the Trustee shall make no commitments in respect of the resources to which the notice pertains unless the right of the Contributing Participant is waived pursuant to paragraph (d) below;

(d) The right of a Contributing Participant under paragraph (c) above may be waived in writing, and it shall be deemed waived if the Trustee receives no written notice pursuant to such subparagraph within the period specified therein;

(e) The Trustee shall consult with the Contributing Participants where, in its judgment: (i) there is a substantial likelihood that the total amount of the contribution referred to in paragraph (b) above could not be committed to the Trustee without qualification by 30 June 1998, or (ii) as a result of Contributing Participants exercising their rights under paragraph (b), the Trustee is or may shortly be precluded from entering into new commitments for disbursement or transfer;

(f) Commitment and transfer authority shall be increased by:

(i) The income of investment of resources held in the GEF Trust Fund pending disbursement or transfer by the Trustee;

(ii) Uncommitted resources transferred to the Trustee upon termination of the GET;

(iii) The amount of undisbursed commitments that have been cancelled; and

(iv) Payments received by the Trustee as repayment, interest or charges on loans made by the GEF Trust Fund.

(g) Commitment and transfer authority shall be reduced for the reimbursement of administrative costs charged against the resources of the GEF Trust Fund, as determined by the Trustee on the basis of the work programme and budget approved by the Council;

(h) The Trustee may enter into agreements to provide financing from the GEF Trust Fund, conditional on such financing becoming effective and binding on the GEF Trust Fund when resources become available for commitment by the Trustee.

Annex C
Attachment 1

GLOBAL ENVIRONMENT FACILITY TRUST FUND

CONTRIBUTIONS
(in millions)

Contributing Participants	SDR Amounts	National Currency Amounts a/
Group I b/ c/		
Australia	20.84	42.76
Austria	14.28	231.51
Canada	61.78	111.11
Denmark	25.08	f/
Finland	15.45	124.00
France	102.26	806.71
Germany	171.30	394.76
Italy	81.86	159,803.25
Japan	295.95	45,698.09
Netherlands	50.97	f/
New Zealand	4.00	10.35
Norway	21.93	216.42
Portugal	4.00	f/
Spain	12.36	2,180.10
Sweden	41.60	450.04
Switzerland	31.97	f/
United Kingdom	96.04	89.55
United States	306.92	430.00
Group II b/		
Brazil	4.00	f/
China	4.00	f/
Cote d'Ivoire	4.00	f/
Egypt	4.00	f/
India	6.00	
Mexico	4.00	f/
Pakistan	4.00	
Turkey	4.00	f/
Group III b/		
Ireland	1.71	1.64
Other d/	6.48	
Unallocated e/	42.83	
TOTAL in SDRs	1,443.59	
TOTAL in US$s g/	2,022.52	

a/ Calculated by converting the SDR amount to the national currency using an average of daily exchange rates over the period 1 February 1993 to 31 October 1993.

b/ Group I consists of non-recipient donors that participated in the replenishment meetings.

Group II consists of recipient donors that participated in the replenishment meetings.

Group III consists of other donors.

c/ The following table shows background information and explanations regarding the breakdown of Group I contributions according to contributions based on IDA10 Basic Shares, Supplementary Contributions towards meeting adjusted IDA10 shares, and additional Supplementary Contributions.

d/ Includes the enhanced value of contributions through accelerated encashments, not included in the figures above and new and additional contributions made to the GET and expected to be available for the GEF2.

e/ It is expected that other donors will make contributions amounting to US$60 million (SDR 42.83 million), which represents 3% of the original replenishment target of US$2,000 million.

f/ These countries are denominating their contributions in SDRs.

g/ Calculated by converting the SDR amount into US$s using an average of daily exchange rates over the period 1 February 1993 to 31 October 1993.

Explanatory Note: Donors agreed that a core replenishment of US$ 2 billion (SDR 1427.52 million) should be built on IDA10 shares. Since IDA10 basic shares of non-recipient donors participating in the replenishment meetings add up to 87.81% in order to avoid a funding gap, IDA10 basic shares were adjusted on a pro-rata basis to increase the shares of non-recipient donors participating in the replenishment meetings to 95% with the remaining 5% set aside for non-recipient donors not participating in the replenishment discussions as well as for recipient donors. Donors agreed to aim to make basic contributions to the GEF Trust Fund in accordance with these adjusted shares. The first column shows contributions based on IDA10 basic shares. Column 3 shows additional contributions towards reaching the adjusted IDA10 shares.

CONTRIBUTIONS TO THE GLOBAL ENVIRONMENT FACILITY TRUST FUND
Background Information

Contributing Participants	Contributions based on IDA10 Basic Shares		Supplementary Contributions towards meeting adj. IDA10 shares	Additional Supplementary Contributions	Total Contributions	
	SDR m	% a/	SDR m	SDR m	SDR millions	National Currency millions b/
Australia	20.84	1.46%			20.84	42.76
Austria	12.85	0.90%	1.05	0.37	14.28	231.51
Canada	57.10	4.00%	4.68		61.78	111.11
Denmark	18.56	1.30%	1.52	5.00	25.08	d/
Finland	14.28	1.00%	1.17		15.45	124.00
France e/	100.21	7.02%	2.05		102.26	806.71
Germany	157.03	11.00%	12.86	1.41	171.30	394.76
Italy	75.66	5.30%	6.20		81.86c/	159,803.25
Japan	266.95	18.70%	21.86	7.14	295.95	45,698.09
Netherlands	47.11	3.30%	3.86		50.97	d/
New Zealand	1.71	0.12%	0.14	2.15	4.00	10.35
Norway	20.27	1.42%	1.66		21.93	216.42
Portugal	1.71	0.12%	0.14	2.15	4.00	d/
Spain	11.42	0.80%	0.94		12.36	2,180.10
Sweden	37.40	2.62%	3.06	1.14	41.60	450.04
Switzerland	24.84	1.74%	2.03	5.10	31.97	d/
United Kingdom	87.79	6.15%	7.19	1.06	96.04	89.55
United States	297.78	20.86%	9.14		306.92	430.00

a/ IDA10 basic shares as agreed by IDA deputies in December 1992.

b/ Calculated by converting the SDR amount of the total contribution to the national currency using an average of daily exchange rates over the period 1 February 1993 to 31 October 1993.

c/ This SDR amount includes the effect of early encashment.

d/ These countries are denominating their contributions in SDRs.

e/ At the 12-month exchange rate, from 1 November 1992 - 31 October 1993, the total contribution of FF 806.71 million to the GEF Trust Fund is equivalent to SDR 103.58 million. The IDA10 Basic Share is SDR 1 00.50 million hence the supplementary contribution is SDR 3.08 million.

Memorandum Item: In addition to the above contributions, the following countries have indicated their intention to provide cofinancing or parallel financing on grant or concessional terms in support of the GEF: Austria (SDR 6 million); Denmark; France (FF 440 million); and Norway.

Annex C
Attachment 2

GLOBAL ENVIRONMENT FACILITY TRUST FUND
INSTRUMENT OF COMMITMENT

Reference is made to Resolution No. _____ of the Executive Directors of the International Bank for Reconstruction and Development entitled "Global Environment Facility Trust Fund", which was adopted on _____, _____ ("the Resolution").

The Government of _____ hereby notifies the Bank as Trustee of the Global Environment Facility Trust Fund that it will participate in the Global Environment Facility Trust Fund and pursuant to paragraph ___ of the Resolution it will make the contribution authorized for it in accordance with the terms of the Resolution in the amount of _____.

_____ (Date)

_____ (Name and Office)*

* The instrument to be signed on behalf of the Government by a duly authorized representative thereof.

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GLOBAL ENVIRONMENT FACILITY

PRINCIPLES OF COOPERATION AMONG THE IMPLEMENTING AGENCIES

ANNEX D

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Annex D

PRINCIPLES OF COOPERATION AMONG THE IMPLEMENTING AGENCIES

I. GENERAL PRINCIPLES

1. At the United Nations Conference on Environment and Development, Governments recognized that new forms of cooperation are required to achieve better integration among national and local government, industry, science, environmental groups and the public in developing and implementing effective approaches to integrating environment and development. The responsibility for bringing about changes lies primarily with Governments in consultation with national major groups and local communities, and in collaboration with national, regional and international organizations, including in particular UNDP, UNEP and the World Bank.

2. In this context, the GEF has a special role to play in providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in accordance with paragraphs 2 and 3 of the Instrument.

3. By designating UNDP, UNEP and the World Bank as the Implementing Agencies of the GEF, the Participants have recognized that the three agencies have key roles to play in the implementation of GEF-financed activities within their respective spheres of competence, and in facilitating cooperation in GEF-financed activities by multilateral development banks, United Nations agencies and programmes, other international institutions, national institutions and bilateral development agencies, local communities, non-governmental organizations, the private sector and the academic community in accordance with paragraph 28 of the Instrument.

4. For their part, the three agencies recognize the need for institutional arrangements in conformity with, and providing input to the fulfilment of, GEF objectives, based on a results-oriented approach and in a spirit of partnership, and consistent with the principles of universality, democracy, transparency, cost-effectiveness and accountability.

5. The Implementing Agencies will put these principles into practice by ensuring the development and implementation of programmes and projects which are country-driven and based on national priorities designed to support sustainable development. Actions needed to attain global environmental benefits are strongly influenced by existing national policies and subregional and regional cooperative mechanisms. GEF financing will need to be coordinated with appropriate national policies and strategies as well as with development financing. To the extent that the GEF operates a funding mechanism for global environmental conventions, the Implementing Agencies will focus on joint programming and implementation with eligible countries, either directly or, where appropriate, at a subregional or regional level, of the programme priorities and criteria adopted by the Conference of the Parties to each Convention.

6. In developing joint work programmes and in project preparation, the Implementing Agencies will, through country-driven initiatives, collaborate with eligible countries in the identification of projects for GEF funding through a jointly operated Project Preparation Assistance Programme. Priority will be given to integrating global environmental concerns with national ones in the framework of national sustainable development strategies.

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7. The Implementing Agencies will assure the cost-effectiveness and sustainability of their activities in addressing the targeted global environmental issues. In this context, one important feature of adhering to these principles is that the least-cost sustainable means of meeting many global environmental objectives lie in a combination of investment, technical assistance, and policy actions at the national and regional level. The experience and mandate of each Implementing Agency will contribute to bringing to light, when assessing specific project interventions, the range of possible policy, technical assistance and investment options. In addition, each Implementing Agency will strive to promote measures to achieve global environmental benefits within the context of its regular work programmes.

8. The Implementing Agencies are committed to facilitating continued effective participation, as appropriate, of major groups and local communities and to promoting opportunities for mobilizing outside resources in support of GEF activities.

9. Collaboration among the Implementing Agencies will be sufficiently flexible to promote introduction of modifications as the need arises. Within an overall cooperative framework, the Implementing Agencies will strive for innovative approaches to strengthening their collaboration and effectiveness, in particular at the country level, and an efficient division of labour that maximizes the synergy among them and recognizes their terms of reference and comparative advantages.

II. EMPHASIS OF EACH IMPLEMENTING AGENCY

10. The Implementing Agencies recognize that in carrying out their responsibilities there will be areas of shared interest and work effort focusing primarily on the integration of GEF objectives and activities with national sustainable development strategies. In addition to collaboration in promoting an efficient and effective response to issues of shared interest, the agencies' partnership will recognize distinctive areas of emphasis.

11. Areas of particular emphasis for each of the Implementing Agencies will be as follows:

(a) UNDP will play the primary role in ensuring the development and management of capacity building programmes and technical assistance projects. Through its global network of field offices, UNDP will draw upon its experience in human resources development, institutional strengthening, and non-governmental and community participation to assist countries in promoting, designing and implementing activities consistent with the purpose of the GEF and national sustainable development strategies. Also drawing on its intercountry programming experience, UNDP will contribute to the development of regional and global projects within the GEF work programme in cooperation with the other Implementing Agencies.

(b) UNEP will play the primary role in catalyzing the development of scientific and technical analysis and in advancing environmental management in GEF-financed activities. UNEP will provide guidance on relating the GEF-financed activities to global, regional and national environmental assessments, policy frameworks and plans, and to international environmental agreements. UNEP will also be responsible for establishing and supporting the Scientific and Technical Advisory Panel (STAP) as an advisory body to the GEF;

(c) The World Bank will play the primary role in ensuring the development and management of investment projects. The World Bank will draw upon its investment experience in eligible countries to promote investment opportunities and to mobilize private sector resources that are consistent with GEF objectives and national sustainable development strategies.

III. PROCESS OF COLLABORATION

12. The Implementing Agencies will be accountable to the Council for their GEF-financed activities in accordance with paragraph 22 of the Instrument.

13. Responsibility for facilitating and coordinating GEF-financed activities will be vested in the Secretariat in accordance with paragraph 21 of the Instrument. The Secretariat, in addition to servicing the Assembly and the Council, will provide a focal point for coordinating the GEF-financed activities of the Implementing Agencies, including interaction of the Implementing Agencies with the Council, coordination of the preparation of the GEF joint work programme, oversight of the implementation of programme activities pursuant to the joint work programme, preparation and monitoring of budgets, and ensuring liaison with other bodies as appropriate.

14. In order to facilitate the collaboration between the agencies and ensure the effective development and execution of the GEF joint work programme, an ongoing inter-agency process is essential. Such a process will be embodied in an inter-agency committee, which will function on two distinct levels:

(a) As an institutionalized high-level forum focusing on strategic operational issues, common direction and broad guidance of the inter-agency collaborative process. This forum will consist of the heads of agency or their representatives and will be convened by the Chief Executive Officer of the Facility (CEO). It will meet regularly as needed, and no less than once a year;

(b) As a staff level inter-agency group which will collaborate with the Secretariat in the preparation of a joint work programme, focus on all pertinent issues concerning the operations of the Facility, its projects, communication and outreach, and other initiatives. This inter-agency group will be chaired by the Secretariat in accordance with paragraph 21 (e) of the Instrument.

Other ad hoc inter-agency groups may be established as deemed necessary.

GLOBAL ENVIRONMENT FACILITY

CONSTITUENCIES OF THE GEF COUNCIL

ANNEX E

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Annex E

CONSTITUENCIES OF THE GEF COUNCIL

1. GEF Participants shall be grouped in 32 constituencies, with 18 constituencies composed of recipient countries (referred to as "recipient constituencies"), and 14 constituencies composed principally of non-recipient countries (referred to as "non-recipient constituencies").

2. The 18 recipient constituencies shall be distributed among the following geographic regions, bearing in mind the possibility of mixed constituencies:

Africa	6
Asia and Pacific	6
Latin America and Caribbean	4
Central, Eastern Europe and Former Soviet Union	2

3. For each geographic region referred to in paragraph 2, recipient constituencies shall be formed through a process of consultation among the GEF recipient country Participants in the region in accordance with their own criteria. It is expected that in this consultation process a number of criteria will be taken into account, including:

(a) Equitable and balanced representation from within the geographic region;

(b) Commonality of global, regional and subregional environmental concerns;

(c) Policies and efforts towards sustainable development;

(d) Natural resource endowment and environmental vulnerability;

(e) Contributions to the GEF as defined in paragraph 25 (c) (iii) of the Instrument; and

(f) All other relevant and environment-related factors.

4. The non-recipient constituencies shall be formed through a process of consultation among interested Participants. It is expected that grouping of non-recipient countries will be primarily guided by total contributions as defined in paragraph 25 (c) (iii) of the Instrument.

5. Consultations to form the constituencies shall take place following the acceptance of the Instrument by representatives of the States participating in the GEF. The GEF Secretariat will provide assistance to facilitate these consultations at the regional level. The Secretariat shall be informed of the initial composition of each constituency no later than 15 May 1994.

6. The grouping of constituencies as communicated to the Secretariat, including any adjustments pursuant to paragraph 8 of this Annex, shall be subject to confirmation by the Council after the effective date of the establishment of the GEF Trust Fund, taking into account the instruments deposited in accordance with Annex A to the Instrument.

7. The Participant or Participants in each constituency shall appoint a Member and an Alternate to represent the constituency in the Council. The names and addresses of the Members and Alternates for each constituency shall be communicated to the Secretariat no later than two weeks prior to the first meeting of the Council pursuant to paragraph 33 of the Instrument, and shall be subject to confirmation by the Participant or Participants in each constituency upon the confirmation of the constituencies by the Council under paragraph 6 above.

8. Any State that becomes a Participant in accordance with paragraph 7 of the Instrument after the formation of constituencies pursuant to paragraphs 3 to 6 above shall, after consultation with the Participants in the constituency concerned, notify the Secretariat as regards the constituency in which it wishes to be grouped and shall be grouped in that constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting.

9. Each Council Member or Alternate shall represent the Participant or Participants in the constituency by which that Member or Alternate was appointed, subject to any adjustments pursuant to paragraph 8 above, and any termination of participation in accordance with paragraph 7 of the Instrument.

10. If the office of a Council Member or Alternate becomes vacant before the expiration of the term of office of the Member or Alternate, the Participant or Participants in the constituency concerned shall appoint a new Member or Alternate, whose name and address shall be communicated to the Secretariat no later than two weeks prior to the next meeting of the Council.

11. In accordance with paragraph 25 (a) of the Instrument, the Council may adopt procedures to give effect to the provisions of this Annex.